

Message Text

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SUBJ: INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT: SITUATION
OF INTERESTED COUNTRIES MEETING, FEBRUARY 2, 1976

FODAG

REF: ROME 1577 (NOTAL)

1. THE PACE OF THE IFAD NEGOTIATION PICKED UP OVER THE WEEKEND. LATE FRIDAY AFTERNOON THE G-77 INFORMED THE OECD GROUP THAT IT WAS FORMING A SMALL NEGOTIATING TEAM WHICH WOULD "PRESENT" THEIR PACKAGE OR G-77 POSITION PAPER ON THE MAJOR OUTSTANDING ISSUES. THE PAPER WAS CIRCULATED LATE SATURDAY AFTERNOON AND THE OECD GROUP MET MONDAY TO CONSIDER IT.

2. THE MAJOR ELEMENTS OF THE G-77 PAPER ARE AS FOLLOWS:

A) ACCEPTANCE OF THE PRINCIPLE OF WEIGHTED VOTING IN THE GOVERNING COUNCIL, AND ALSO IN THE EXECUTIVE BOARD IF THE FIRST
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MEETING OF THE GOVERNING COUNCIL SO DECIDED. IN THEIR WEIGHTED

VOTING SCHEMES, BOTH GROUPS 1 (OECD) AND 11 (OPEC) WOULD HAVE TO DISTRIBUTE AT LEAST 30 PERCENT OF THE TOTAL VOTES IN THE GROUP EQUALLY AMONG ALL MEMBERS WHILE THE REMAINING 70 PERCENT COULD BE WEIGHTED ACCORDING TO CONTRIBUTION. (THE OECD AGREEMENT NEGOTIATED IN OCTOBER CALLED FOR DISTRIBUTION OF 17.5 PERCENT OF THE VOTES EQUALLY AMONG ALL MEMBERS OF CATEGORY 1.)

B. DECISIONS ON THE EXECUTIVE BOARD WOULD BE MADE BY A 3/5 MAJORITY OF VOTES CAST (NOT COUNTING ABSTANTIONS) PROVIDED THAT THE MAJORITY IS MORE THAN 50 PERCENT OF THE TOTAL VOTES ON THE BOARD. DECISIONS ON THE GOVERNING COUNCIL WOULD BE DECIDED BY A SIMPLE MAJORITY OF THE TOTAL VOTES EXCEPT IN CERTAIN SPECIFIED CASES. (MOST OF THE EXCEPTIONS OF CONCERN TO US ARE COVERED.)

C) THE SECTION ON THE USE OF INTERMEDIATE INSTITUTIONS HAS BEEN REWRITTEN SO AS TO OBSCURE THE DISTINCTION BETWEEN THOSE CASES WHERE INTERNATIONAL INSTITUTIONS MUST BE USED AND THOSE CASES WHERE NATIONAL INSTITUTIONS MAY OPERATE.

D) THE FUND WOULD COME INTO FORCE UPON THE DEPOSIT OF INSTRUMENTS OF RATIFICATION OF \$750 MILLION. THERE IS NO LEVEL OF PLEDGES REQUIRED, NOR IS THERE PROVISION FOR EQUITABLE BURDEN SHARING.

3. WE ARE HOLDING OUT FOR A GENERAL CONSENSUS WITHIN THE OECD GROUP TO RESPOND TO THE G-77 PROPOSAL ALONG THE FOLLOWING LINES:

A) EACH CATEGORY OF COUNTRIES SHOULD DECIDE ON ITS OWN WEIGHTED VOTING SCHEME. (THERE IS SOME PRESSURE TO RE-NEGOTIATE THE 17.5 PERCENT FIGURE WITH THE G-77 IN AN EFFORT TO REACH A PACKAGE COMPROMISE.)

B) THE LIST OF EXCEPTIONS TO THE SIMPLE MAJORITY RULE IN THE GOVERNING COUNCIL SHOULD BE SLIGHTLY EXPANDED TO REFLECT THE AGREEMENT REACHED BY THE OECD GROUP.

C) THE USE OF INTERNATIONAL OR REGIONAL FINANCIAL INSTITUTIONS SHALL BE THE RULE FOR IFAD WITH ONLY LIMITED WELL-DEFINED EXCEPTIONS.

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D) THE AGREEMENT MUST INCORPORATE IN SOME FASHION A LEVEL OF PLEDGES OF ONE BILLION SDR AND A "TRIGGER" CONSISTING OF INSTRUMENTS OF RATIFICATION OF 750 MILLION SDR IN CONVERTIBLE CURRENCIES, INCLUDING ROUGHLY EQUIVALENT CONTRIBUTIONS FROM BOTH DONOR GROUPS.

4. WE MADE AN EFFORT TO BRING ABOUT AN EARLY DISCUSSION OF PO-

TENTIAL PLEDGES BUT THE OPEC COUNTRIES HAVE BEEN ABLE TO DELAY
DISCUSSION OF THIS TOPIC ON THE GROUNDS THAT THE OPEC FUND MUST
FIRST DECIDE THE LEVEL OF PLEDGED TO IFAD. IT IS UNLIKELY THAT
ANY OPEC COUNTRY WILL ANNOUNCE THE SPECIFIC LEVEL OF ITS CON-
TRIBUTION TO IFAD DURING THIS MEETING. THE OPEC COUNTRIES ARE
ALL TAKING THE LINE THAT THEIR CONTRIBUTIONS TO IFAD WILL COME
OUT OF THE NEW OPEC AID FUND AND IT IS UP TO THE NEW FUND'S
BOARD OF GOVERNORS TO DECIDE THE LEVEL OF THE CONTRIBUTION
TO IFAD. PRESIDENT INDICATIONS ARE THAT THE MAXIMUM CONTRIBUTIONS
OUT OF THE NEW FUND WOULD BE \$375-\$400 MILLION. VOLPE

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